PROJECT OVERSIGHT REPORT

Human Resource Management System (HRMS) **Report as of Date:**
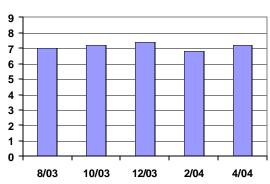**Department of Personnel** April 2004

Project Manager: Brian Turner **MOSTD Staff:** Tom Parma
Project Director: Tom Miller
Executive Sponsor: Gene Matt

Severity/Risk Rating: High (high severity, high risk) **Oversight:** Level 3 – ISB

Overall Project Risk Assessment

Staff Recommendations: ISB oversight staff has no recommendations at this time.

Report Synopsis: Up to March 1 the project had been focused on planning and requirements gathering; this was completed on schedule. The next phase, configuring the system to satisfy the detailed requirements and validation thereof, is considerably more difficult and therefore has a greater likelihood of negatively affecting the schedule and budget. Any impact to schedule or budget will not be known until validation begins.

Issues/Risks:

- Schedule: The project continues to be time constrained and has limited schedule contingency. The project is approximately two weeks behind schedule with a reasonable probability that this may increase in the short term. The primary cause is a late start for Reports, Interfaces, Conversion, Extensions, and Forms (RICEF) development due to unavailability of staffing resources. The project manager is developing a mitigation plan to eliminate this variance well before testing efforts are scheduled to begin July 1, 2004. Additional schedule pressure will come during requirements validation (see Scope below).

- Budget/Cost: The $42 million budget for this project (excluding interest) was established by the Legislature. $32 million is to come from a Certificate of Participation (COP); the remaining $10 million from DOP rate increases during the 2003-2005 Biennium. The 2004 Supplemental budget includes an increase to the COP of approximately $7 million. See Funding below.

- Scope:
    - Requirements: The requirements have been finalized. The plan calls for DOP and other agencies to validate that the requirements are satisfied throughout the configuration. Configuration tasks may be adjusted based on agency validation during configuration.

    - Reports: During requirements gathering, the agencies identified a much greater number of required reports than was anticipated and planned in the original project schedule. The project team has reduced the number to a more manageable level and will leverage

the business warehouse functionality to increase agency and end-user reporting capabilities. If the number of reports cannot be reduced in this manner, it poses a risk that may impact the schedule.

- Change Requests: As of March 26, one change request has been approved and three others have been submitted for consideration and evaluation based on schedule, budget, and need:
    - Business Warehouse Proof of Concept – *approved/no schedule or budget impact*
    - Revised RICEF estimate of effort – *submitted*
    - Deployment plan change to align deployment efforts with agency needs – *submitted*
    - Additional shadow system support to help agencies make IT investment decisions for Releases 2 and 3 – *submitted*

    NOTE: All change requests submitted to date are within the overall project budget.

- Resources: Earlier unavailability of staff resources for RICEF development has placed the project approximately two weeks behind schedule. The required resources have now been added.

- Project Management/Processes: There are no significant issues/risks to report.

- Other
    - Funding: DOP has approval to fund approximately $39 million of this project through a COP. However, the COP has not yet been issued. The current schedule calls for the COP bid to be issued in June with the funds available in July.

    - HCA Support: The planned Health Care Authority (HCA) Insurance System Replacement Project (ISRP) will not be implemented by the time HRMS is operational. HCA's Public Employees' Benefits Board (PEBB) runs on the DOP legacy payroll system (PAY1) and is maintained by DOP; PAY1 will have to remain operational until such time as HCA can implement a PEBB replacement system. DOP and HCA continue planning for DOP's continued support for PEBB as well as how HRMS will interface with PAY1/PEBB instead of the planned ISRP.

Status:
- Life Cycle Stage: The project has completed the planning and assessment phase (requirements confirmation and design) on time. It is now in the Detailed Design and Configuration phase. This phase is scheduled to complete on June 30, 2004 so that agency testing can begin July 1, 2004.

- Schedule: The project is approximately two weeks behind schedule. Although there is continued pressure on the schedule, the project manager has developed a plan for mitigating this variance before July 1, 2004.

Milestone	Description	Planned Start	Actual Start	Planned Finish	Actual Finish
Work Plan	All tasks defined, major project activities and deliverables scheduled, resource assignments made.	--	--	9/30/03	9/30/03
Phase I Planning	Configuration requirements, extensions, interfaces, reports, conversion requirements confirmed for Release 1.	--	--	2/29/04	2/29/04
Phase I Detailed Design & Configuration	SAP configured for Washington requirements; modifications, interfaces and reports designed; test plans developed.	3/1/04	3/1/04	6/30/04	
Phase I Testing & Training	All Release 1 functionality tested; training completed; processes implemented.	7/1/04		11/30/04	
Phase I Deployment Group A	Phase I deployed to Group A agencies.	1/05		1/05	
Phase I Deployment Group B	Phase I deployed to Group B agencies.	4/05		4/05	

- Budget/Cost: The project is currently on budget. The following information is as of 4/16/2004:

	Baseline	Accrued to Date	Actuals to Date	ETC	EAC	Variance Baseline vs. AAC
HRMS Application Software	11,643,195	1,031	4,174,652	7,467,512	11,643,195	0
Technical Infrastructure	3,193,374	85,960	92,369	3,015,045	3,193,374	0
Implementation Services	25,723,605	603,200	5,453,200	19,667,205	25,723,605	0
State Project Team	5,225,688	23,400	1,065,450	4,136,838	5,225,688	0
DIS Charges	6,713,283	0	77,647	6,635,636	6,713,283	0
Facilities and Equipment	373,000	16,690	437,262	-80,952	373,000	0
Advisory Services	2,683,250	61,550	982,588	1,639,112	2,683,250	0
Reserves	5,435,571	0	0	5,435,571	5,435,571	0
Project Totals	**60,990,966**	**791,831**	**12,283,168**	**47,915,967**	**60,990,966**	**0**

*ETC – Estimate to Complete **EAC – Estimate at Completion ***AAC – Actuals at Completion

Previous Project-Related ISB Appearances:

- January 2003: requested approval of HRMS investment plan – *Approved*
- April 2003: briefed Board on project status
- July 2003: briefed Board on project status
- September 2003: briefed Board on project status

Background Information

Description: The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State's Civil Service System. SHB1268 establishes a January 1, 2005 deadline to begin implementation of a new classification system, Civil Service Reform (CSR), and a July 1, 2005 deadline for implementation of the first Collective Bargaining (CB) agreements. By these dates, DOP's HRMS must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP's systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern HR practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM presented the findings of their feasibility study and received approval from the Board at the January 2003 meeting to proceed with the acquisition of integration services, software, and hardware to begin replacing the existing HRIS system. The RFP was released on April 16, 2003 and responses were due May 19, 2003. Two vendors submitted proposals, the team of Accenture/SAP and the team of IBM/PeopleSoft. Both continued through to announcement of the Apparently Successful Vendor (ASV). Demonstrations and presentations were conducted the week of June 9th. Best and final offers were due June 30, 2003. Accenture/SAP was named the ASV on July 7, 2003.

The major project phases are:

- Phase I – Implement core HR functionality required to support CSR/CB.
  - Group 1 – agencies not subject to CB.
  - Group 2 – remaining agencies.
- Phases II & III – Implement additional HR functionality (recruitment, training, and performance evaluation).
  -

Technology: The proposed technology is:

- SAP's core ERP product, R/3
- SAP's data warehouse product, Business Warehouse
- Microsoft Windows OS
- Microsoft SQL Server DBMS
- Hewlett-Packard Proliant servers
- Accenture implementation services

Budget: The budget for the 03-05 Biennium authorizes DOP to enter into a financing contract for up to $32 million (plus financing expenses) for not more than 12 years to purchase, develop, and implement the new HRMS. The legislature also allocated an additional $10 million from DIS rebates to the project. The state budget states that DOP and OFM…

> …shall jointly report to the legislature by January 15, 2004, on progress toward implementing the [HRMS]. The report shall include a description of mitigation strategies employed to address the risks related to: Business requirements not fully defined at the project outset; short time frame for system implementation; and delays experienced by other states. The report shall assess the probability of meeting the system implementation schedule and recommend contingency strategies as needed. The report shall establish the timelines, the critical path, and the dependencies for realizing each of the benefits articulated in the system feasibility study….